OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

7. Should the NID be unbundled beyond what the FCC required?

SWBT: No. The FCC already allows LSPs to interconnect to the customer's wiring through the customer access portion of the SWBT NID. LSPs should not be permitted to collocate their equipment in the SWBT portion of the NID. It is unnecessary and inappropriate to require SWBT to dispatch one of its technicians to place a wire between SWBT's NID and an LSP's NID when the LSP chooses to install its own NID. (Deere Direct pp. 43-46, Rebuttal pp. 3-4).

AT&T: Yes. SWBT's suggested method for unbundling the NID is the minimum that is required in the FCC order. The FCC's intention was to empower the states to allow direct connection to the NID. The FCC even went so far as to state that new entrants "may benefit by directly connecting their loops to the incumbent LEC's NID". AT&T's proposed solution provides a simple method of cutover that will not disrupt any SWBT loop facilities. SWBT's solution would require any consumer desiring a competitive alternative to install another NID at their premises. SWBT's arrangement puts AT&T and other competitors at a significant competitive disadvantage and inconveniences consumers.

MCI: MCI asserts it should be allowed to connect its NID to SWBT's NID or to directly connect to SWBT's NID in all situations, except specific locations identified and demonstrated to be technically unfeasible, and thereby receive all the features of the NID and all necessary cabling. (Powers Direct pp. 30-31, Rebuttal pp. 6-7).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

8. Should there be any limitations or restrictions on an LSP's use of Unbundled Network Elements?

SWBT: Yes. Unbundled Network Elements, such as loop facilities, should not be used in a manner that would cause interference with other services or otherwise harm the network. (Deere Direct pp. 9, 17-18, Deere Rebuttal p. 5).

AT&T: AT&T believes there should be no restrictions. AT&T does not intend to interfere with or otherwise harm the network. SWBT claims certain AT&T requests result in such harm. This is simply misleading and not accurate.

MCI: MCI opposes SWBT's proposal to restrict use of unbundled elements to switched local service. MCI has no intention of utilizing facilities for provision of services that do not meet industry standards. MCI expects SWBT to provide separate facilities when necessary to avoid interference. (Powers Rebuttal pp. 1, 5).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

9. Should there be a bona fide request process for additional Unbundled Network Elements?

SWBT: SWBT has proposed a bona fide request process contained in its Agreement with MFS under which a party can submit a written Unbundled Network Element bona fide request. This process provides 30 days to develop a preliminary analysis and

explanation of whether access to the requested element is technically feasible and whether it qualifies as a Network Element that must be provided under the Federal Act. It also provides up to 90 days to develop a quote that contains a description of each element, availability, applicable developmental costs, non-recurring charges, monthly rates and installation interval. It then provides the requesting party 30 days to confirm its order. The process and the time frames proposed by MCI are unrealistic and too short. (Deere Rebuttal pp. 22-23).

AT&T: AT&T takes no position on this issue at this time. AT&T reserves the right to assert their position later in this proceeding or at any time during an appropriate future proceeding.

MCI: MCI proposes a bona fide request process with defined procedural schedule to facilitate future requests for additional unbundling. If SWBT does not accept request of new unbundled element within 10 days, requesting party can petition Commission, with SWBT having 10 days to respond and the Commission 30 days to decide. (Laub Direct pp. 25-26).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

Physical Interconnection and Collocation

10. How should the Parties interconnect their networks?

SWBT: SWBT is willing to interconnect with an LSP in each SWBT exchange area in which it chooses to offer local exchange service at (a) each SWBT access tandem, and (b) to either each SWBT local tandem or each SWBT end office subtending that local tandem.

Interconnection to a SWBT local tandem will provide an LSP local access to the SWBT end offices and NXXs which subtend that tandem and to other LSPs and LECS which are connected to that tandem. Interconnection to a SWBT end office will provide an LSP access only to the NXXs served by that individual end office. Interconnection to a SWBT access tandem will provide an LSP interexchange access to SWBT, IXCs, LECs and interconnected CMRS providers which are connected to that tandem. Where an access tandem also provides local tandem functions, interconnection to a SWBT access tandem serving that exchange will also provide an LSP access to SWBT's end offices. Where an LSP requires ancillaries services (e.g., directory assistance, operator assistance, 911/E-911) it will be necessary to designate additional SWBT end office and tandems for such interconnection or provide for special trunking. Except where SWBT has combined local and access tandem, LSPs should not be permitted to deliver both local and access traffic to SWBT at its access tandems. SWBT established separate local tandems due to capacity limitations at its access tandems. SWBT is willing to make available four alternative means of interconnection: (1) midspan fiber interconnection; (2) physical collocation interconnection; (3) virtual collocation interconnection; and (4) SONET-based interconnection. (Deere Direct pp. 76-79, Rebuttal p. 10).

AT&T: It is AT&T's position that incumbent LECs have been ordered to provide interconnection at the following points: (1) line side of the local switch, (2) trunk side of the local switch, (3) trunk interconnection points of tandems switch, (4) central office cross-connect points, (5) out-of-band signaling transfer points, and (6) the points of access to unbundled elements. Southwestern Bell and AT&T have generally agreed, in principle, on most issues concerning points and terms of interconnection. Details of these agreements and

principles are incorporated into Attachment 11, Network Interconnection Architecture, of AT&T's proposed Interconnection Agreement. AT&T further contends that it should be permitted to interconnect at the access tandem switch for all traffic, even in situations where the toll and local traffic is split on Southwestern Bell's network. AT&T also takes the position that Southwestern Bell should be ordered to provide two-way trunking wherever it is technically feasible.

MCI: MCI requests interconnection as ordered by the FCC in docket no. 96-98. MCI proposes that it be able to select its desired interconnection point(s) within each LATA (including as few as one), at any cross-connect point, through physical collocation, virtual collocation, or meet point with mutual limited build out (including mid-span meet through shared/spliced facilities), over all available types of interconnection facilities, including two-way. (Powers Direct pp. 9-14, Rebuttal pp. 10-11).

MCI proposes that there be separate trunk groups for: local, non-equal access intraLATA interexchange, and local transit; equal access interLATA or intraLATA transit, connection to each 911/E911 tandem; connection to SWBT's operator service center; connection to SWBT's directory assistance center. (Powers Direct pp. 15-16, Rebuttal p. 10).

MCI requests SS7 signaling on all trunks for local and interexchange traffic, with B8ZS Extended Superframe configuration for transmission of 64 Kbps ("clear channel") traffic. (Powers Direct pp. 16-17).

MCI requests collocation as ordered by the FCC in docket no. 96-98. (Powers Direct p. 53, Rebuttal pp. 12-14). MCI requests procedures to implement collocation, with a maximum of three months to establish a physical collocation and two months for virtual. (Powers Direct p.

53). MCI requests the ability to connect with any available cable facilities and to place electronics of its choice in the collocated space, including Remote Line Units. (Powers Direct p. 29, Rebuttal pp. 12-13).

MCI requests 911/E911 interconnection as ordered by the FCC in docket no. 96-98 at discounted resale rates and TELRIC-based unbundled rates. MCI requests dedicated trunk group and selective routing, with industry standard signaling and necessary references and routing data, plus nondiscriminatory access to databases and entry systems and parity of priority service restoration, testing and outage information. (Laub Direct pp. 18-22, Rebuttal p. 8).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

11. What types of number portability should be provided by SWBT?

SWBT: SWBT will offer two options for Interim Number Portability (INP): remote call forwarding and direct inward dialing. Once Federal and State proceedings fully define the form that permanent number portability is to take, SWBT will implement that service. In addition, SWBT will transfer complete NXX codes to a LSP when it is assigned to a single customer which switches its provider from SWBT to a LSP. These options will provide AT&T and MCI with the ability to serve small, medium and large customers. (Deere Direct pp. 99-106). The FCC has indicated that remote call forwarding and direct inward dialing are the only methods technically feasible of providing interim number portability and that these methods comport with the requirements of the Federal Act. (Interconnection Order at ¶110). SWBT should only be required to provide INP using RCF and DID. The FCC Number Portability

Order, issued on June 27, 1996 in Docket 95-116, discussed several possible INP solutions and concluded at paragraph 110 that RCF and DID are currently the only two technically feasible methods to provide INP. As for LERG assignment at the NXX-X level, it is neither currently technically feasible nor comparable to RCF or DID services and is not an appropriate INP solution. (Deere Direct pp. 107-108; Rebuttal pp. 16-19).

AT&T: It is AT&T's position that until a permanent local number portability solution is implemented, a minimum of four separate interim number portability options must be available. The four options which must be made available are as follows: remote call forwarding (RCF), route index--portability hub (RI-PH), directory number--route index (DN-RI). All four options must be available because RCF is only appropriate as an interim solution for customers with a small number of lines, such as residential customers. The route index solutions, RI-PH and DN-RI, are the most effective and technically feasible interim method for medium sized customers.

MCI: MCI agrees to use of Remote Call Forwarding and Direct Inward Dialing as interim methods, with full NXX migration. (Laub Direct pp. 5-7, Rebuttal p. 1-3).

MCI proposes the Commission adopt Location Routing Number as the solution for permanent portability, and direct SWBT, in cooperation with other carriers, to move forward with development of a state-specific or regional number portability administration center. (Laub Direct pp. 4-5, Rebuttal p. 4).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

12. How should the costs of INP be recovered?

SWBT: The costs to provide INP should be recovered from the LSPs requesting such service. However, the FCC Number Portability Order concludes that INP costs should be recovered from all telecommunications carriers on a competitively neutral basis. Should the cost recovery methods set forth in the FCC Order remain, SWBT recommends that this cost sharing method be implemented by utilizing Elemental Access Lines (EAL) as a basis to allocate costs appropriately among all telecommunications carriers. If the FCC Order is upheld, each carrier should be assessed a standardized EAL charge to its end-user customers. The Commission should initiate tracking of INP costs. If the FCC Number Portability Order is modified, the providers of INP services should directly bill the LSPs for the INP services provided on a retroactive basis. (Baker-Oliver Direct pp. 1-10, Rebuttal pp. 2-11).

AT&T: It is AT&T's position that after INP incremental costs are correctly identified, they should be recovered in a competitively neutral manner. AT&T recommends that the mechanism utilized should limit the range of carriers to participating carriers. AT&T recommends use of the active lines formula as a cost recovery mechanism. The identified incremental costs should be apportioned to each LEC according to the LEC's percentage of active lines to total lines in the service area. The recovery should be assessed each year in arrears, thus no costing estimate is necessary. The formulae should be:

Southwestern Bell Annual INP TSLRIC x (active carrier lines/active industry lines) = annual charge per carrier.

MCI: Each carrier should pay its own costs, or in the alternative (second-best) costs should be allocated based on relative numbers of active telephone lines. IXC access charges for traffic terminated by interim portability should be split on a meet point billing basis at the end office where RCF/DID is provided, with intermediate switching and transport included in neutral cost recovery. SWBT should cooperate on billing for third party and collect calls and maintenance of line information database. (Laub Direct pp. 5-7, Rebuttal pp. 1-3).

OPC: Public Counsel strongly opposes any surcharge on end users customers to recover costs to provide number portability. At this time, Public Counsel takes no position on the other sub-issues and reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issues and sub-issues based on the evidenced adduced at the arbitration hearing.

White Pages

13. How should SWBT be required to manage LSP White Page Directory Information and Directory Assistance Information?

SWBT: SWBT is willing include LSP data in SWBT's White Pages database and DA databases. With regard to White Pages directory listings, the LSP should be required to pay for any directory listing services ordered by the LSP. SWBT does not believe the Commission may lawfully order SWBT to provide White Pages listing, directories or directory delivery without compensation, and does not believe it is appropriate even if it were lawful. SWBT proposes to assess charges based on a TELRIC study which is being developed. (Keener Rebuttal pp. 2-3; Smith Direct pp. 13-17 and Schedule 4)

AT&T: SWBT should include in appropriate White Pages Directories the primary alphabetical listings of all AT&T end users located within the local directory scope free of charge. AT&T and SWBT have reached agreement in principle that in a services resale environment: (1) AT&T customers will receive one basic white page listing as part of their local service; (2) AT&T customer listing information will be provided to yellow page publishers as is done for SWBT listings from SWBT's subscriber listing database; (3) AT&T customers will have the same choices as SWBT customers with regard to ordering enhanced white pages listings and will have the ability to choose the type of listing they desire; and (4) SWBT will deliver directories to AT&T customers. AT&T suggests the Commission adopt the terms and conditions for provision of White Pages as set forth in AT&T's proposed Interconnection Agreement (Resale Appendix White Pages, items 1-3 and I, II, V and Attachment 19).

AT&T further recommends that the PSC order SWBT to provide AT&T with up to eight pages (four double-sided pages) for inclusion in the informational section of SWBT's White Pages directories at cost based rates. Dalton Direct, p. 41.

MCI: MCI proposes a single, complete white pages directory for all subscribers in an area, with nondiscriminatory customer guide pages, at no charge for listings or directories, with data passed by DA. Delivery costs should generally be borne by all local carriers pro rata. All CLEC business customers should receive a free yellow pages listing. There should be no charge for storage of DA data. (Laub Direct pp. 10-18, Rebuttal pp. 4-5).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

Numbering Issues

14. What practices and procedures must SWBT use relating to Number Administration and area code relief activities?

SWBT: SWBT currently serves as the industry Number Administrator for the five states served by SWBT. As the Number Administrator, SWBT assigns codes on a first-come, first-served basis and follows the assignment procedures described in the NXX Guidelines equally and consistently to all requests received. The FCC will transfer the number administration functions to a new administrator, but until all functions are transferred, SWBT will perform the role. As the Number Administrator, SWBT is also responsible for the area code relief planning coordination. Until the area code relief planning functions are transferred, SWBT will continue to fully comply with industry guidelines on a non-discriminatory basis. (Adair Direct pp. 2-7).

AT&T: AT&T has no position on this issue at this time.

MCI: MCI should have access to database to assign numbers directly, rather than rely on SWBT to assign numbers. (Russell Direct, JR-1 at 16).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

Poles, Conduits, Right-of-Way

15. What procedure should be used to apply for access to SWBT poles, conduits and rights-of-way?

SWBT: The applicant should send an inquiry and complete a pre-application survey. The applicant should execute a license application and submit an advance payment for survey. Applicant should pay make-ready charges unless the applicant is denied access. If make-ready payment is not received within 15 days, the application is canceled. (Hearst Direct pp. 2-4).

AT&T: SWBT should be required to provide AT&T access to SWBT's cable plats and any other outside plant records required for network design. Keating Direct, p. 12. AT&T shall then inform SWBT which pole or duct it intends to occupy. SWBT must provide access to such poles or conduit pursuant to the same terms and conditions that such facilities are supplied to or utilized by SWBT within in 20 days. Keating Direct, p. 12. SWBT may not impose requirements that LSPs execute license agreements or complete any other forms which SWBT would not be required to complete. SWBT should be reimbursed for actual costs incurred in making pathway space available for the new entrant's occupancy (make-ready) but only to the extent that the make-ready work is actually necessary. SWBT should be paid annual rates for use of pathway facilities which are based only upon the costs that SWBT actually incurs due to the new entrant's occupancy of such pathways. Keating Direct, p. 16. AT&T suggests the Commission adopt the terms and conditions outlined in its proposed Interconnection Agreement at Appendix Poles, Conduits and Rights-of-Way.

MCI: MCI requests that SWBT provide information on location and availability of facilities within 20 days of request, or sooner if internal communications are

handled faster, with available space reserved for 90 days after request for confirmation and an additional 90 days for completion of installation. (Laub Direct p. 24).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

16. What access to rights-of-way, conduits and poles should be allowed?

SWBT: SWBT must be allowed to control assignment of duct space to ensure efficient use of ducts and conduct and police the use. Access to conduit system should be restricted to manholes or other designated locations. SWBT must be permitted to designate where a LSP places facilities on poles to ensure accurate records for future arrangements, and to ensure capacity, reliability, safety and engineering standards are met. Applicants who are granted access must physically occupy the duct in 12 months or lose their grant of access. The applicant must obtain the legal authority to construct, operate, maintain and remove its facilities on public or private property from the appropriate public and private authorities. (Hearst Direct pp. 5-10).

AT&T: SWBT may not favor itself in allocating pathway facilities, including exclusive capacity expansions and preferential reservation of space. Keating Direct, p. 12. To this end, choice of which duct or pole space to be occupied by the new entrant must not be left to the sole discretion of SWBT. Keating Direct, p. 13. Once occupied, AT&T must be permitted unfettered access to such rights-of-way, conduits and poles including access to controlled environmental vaults the same as for manholes. Keating Direct, p.13-14. AT&T suggests that

the Commission adopt those terms and conditions set forth in its proposed Interconnection Agreement at Appendix Poles, Conduits and Rights-of-Way.

MCI: MCI requests access to SWBT's poles, ducts, conduits, and rights-of-way as ordered by the FCC in docket no. 96-98. (Laub Direct 22-24). MCI asserts that "poles, ducts, conduits, and rights-of-way" includes all physical facilities and legal rights needed for access to customers. (Laub Direct p. 22).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

17. How should the costs of modifications or rearrangements be allocated?

SWBT: If the rearrangements benefit all occupants or are required for public reasons, each party pays their own rearrangement expense. If the modification benefits only one occupant, the occupant causing the modification should pay for the modification. (Hearst Direct pp. 16-18).

AT&T: SWBT should be reimbursed for actual costs incurred in making pathway space available for the new entrant's occupancy (make-ready) but only to the extent that the make-ready work is actually necessary.

MCI: Modification costs should be paid by entities that benefit from the modification on a proportionate basis. (Laub Direct p. 24).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

18. What are the pole and conduit rates?

SWBT: The FCC is currently reviewing charges for pole attachments used by LSPs. The rules should be developed, but until such regulations are in place, the LSPs' rates should be the same as currently in effect for CATV systems. These rates are calculated subject to a formula prescribed by the FCC in Docket No. 86-212 issued in 1987. (Hearst Direct pp. 17-20).

AT&T: SWBT should be paid annual rates for use of pathway facilities which are based only upon the costs that SWBT actually incurs due to the new entrant's occupancy of such pathways. The rates that AT&T is proposing are set forth in the proposed Interconnection Agreement and are provided as Schedule DCK-3 of Keating's Direct testimony.

MCI: MCI proposes compensation based on TELRIC. (Laub Direct p. 24).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

Directory Assistance and Operator Service Issues

19. Should SWBT provide customized routing of Directory Assistance (DA) and Operator Services calls from SWBT offices to an LSP's alternate Operator Services platform?

SWBT: SWBT has agreed to perform customized routing of operator services and directory assistance services on those SWBT switches with existing capabilities and capacity (e.g., by utilizing line class code or similar method) to be provided starting March 1, 1997, and complete implementation on all such switches by June 30, 1997. For those switches that lack the existing capability and/or capacity to support customized routing, SWBT will develop alternative

methods (e.g., AIN based method) of providing customized routing of operator service and directory assistance service. SWBT will complete implementation of this method by December 31, 1997. SWBT has agreed stating that the schedule for development of alternative solutions is dependent upon the ability of SWBT's vendor to meet its current commitment; however, SWBT will use its best efforts to manage the vendor to meet said date.

SWBT should be free to choose the methodology deployed in their network to perform customized routing of operator services and directory assistance calls. SWBT will provide an implementation schedule by switch to AT&T no later than December 1, 1996.

SWBT has also agreed to the customized routing of the following types of calls: 0-, 0+Local, 0+411, 1+411. (Keener Direct pp. 2-4, Rebuttal pp. 8-9).

AT&T: The FCC requires SWBT, to the extent technically feasible, to provide customized routing from the incumbent LEC local switch which would include routing to a competitive operator services or directory assistance platform.

MCI: MCI seeks customized routing to the full extent technically feasible. (Laub Direct pp. 10-14, Rebuttal p. 6).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

20. Should SWBT be required to brand all DA and Operator Services calls in the name of an LSP where the call originator is an LSP customer?

SWBT: SWBT is willing to brand where technically feasible. Branding requires the LSP to establish a separate trunk group to SWBT's Operator Services switch. In 1997, SWBT will install software upgrades, which will permit branding of reseller's calls without

customized routing and a separate trunk group. When the upgrades are installed, SWBT will perform a TELRIC study to determine the appropriate cost and price for this alternative method of branding. (Keener Direct pp. 4-6).

AT&T: Yes. The FCC recognized that brand identification is critical and will minimize customer confusion and ordered that where operator, call completion, or directory assistance service is part of the service or service package an incumbent LEC offers for resale, failure to comply with the resellers branding requests presumptively constitutes an unreasonable restriction on resale. Saboo Direct, p. 20-22. Such branding is currently possible with most SWBT switches. In situations where the incumbent LEC's switch cannot selectively route the calls to the new entrant's platform, the call would be sent to the incumbents platform where branding would have to occur via a subsequent table look-up or a database dip based on the customer's number. Unbranding all calls would be competitively neutral, but vastly inferior, alternative. Saboo Direct, p. 19-22.

MCI: MCI seeks branding of all OS and DA services obtained through SWBT's platform. (Laub Direct p. 14, Rebuttal p. 7).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

21. Shall an LSP be given direct access to provide Busy Line Verification (BLV) and Emergency Interrupt (EI) service?

SWBT: SWBT is opposed to allowing direct access to BLV/EI to LSPs because SWBT could not guarantee privacy of customer conversations. Currently SWBT scrambles conversations on BLV so operators can't hear customer conversations when the operator checks

the line to determine if there is a conversation on the line. This feature is not part of the verification network but has been installed in the Operator Services Switch. Direct access by LSPs would allow them to bypass the security feature and permit LSP operators to hear customer conversations. As an alternative to direct access, and consistent with treatment of independent telephone companies, SWBT will provide LSPs with operator access to the SWBT Inward Operator on a reciprocal basis. The SWBT Inward Operator will perform the service and report the results to the LSP operator. (Keener Direct pp. 6-10).

AT&T: Yes. AT&T must be given non-discriminatory access to all services provided by SWBT to its customers.

MCI: MCI seeks delivery of busy line verification and emergency interrupt functions on an unbundled basis. (Laub Rebuttal p. 7).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

22. What types of electronic access to Operational Support System (OSS) for pre-ordering, ordering, provisioning, maintenance and repair, and billing should be required?

SWBT: An agreement in principle between SWBT and AT&T has been reached. The main issue remaining is the timing for the complete implementation of electronic interfaces. SWBT will provide Electronic Gateway Interface or an Electronic Data Interface by January 1, 1997 based on ordering standards which have been developed. As the remaining national standards for EI/EDI for pre-ordering and ordering are formulated SWBT OSSs will be updated to include the new standards in the EI/EDI interfaces. During customer service activities, LSPs

will have electronic access to the same OSS functions which are available to SWBT Service Representatives. Monthly billing information/data will be provided to the LSP for its end-user customers in the same manner that SWBT provides to its end-user customers. Since SWBT and AT&T have not agreed on the issues regarding unbundled network elements, it is premature to expect that electronic operational interfaces can be designed or implemented by January 1, 1997. (Watts Direct pp. 4-9).

AT&T: Once all retail telecommunications services have been made available for resale at appropriate wholesale discounts, all operational and administrative functions necessary to make the service work must be implemented. AT&T and SWBT have reached agreements in principle on many of these issues. AT&T suggests that the Commission adopt those ordering, provisioning, maintenance and repair and billing terms as set forth in attachments 7, 8 and 9 to AT&T's proposed Interconnection Agreement.

MCI: MCI requests access equal in quality as ordered by the FCC in docket no. 96-98, through parity of access and parity of service performance by nondiscriminatory real-time electronic access (including electronic bonding systems) under nationally standardized gateways to functions for pre-ordering, ordering (including "transfer-as-is"), provisioning and installation, maintenance and repair (with a full time single point of contact), and billing of unbundled elements and resold services by 1/1/97. Billing from SWBT to MCI should be in CABS format. Billing regarding MCI end-users should be in Exchange Message Record format. MCI requests audit rights and regular delivery of comparative data to ensure compliance. Available information must include: centrex business group; intercept; operator reference; customer records (CRIS), emergency services, repair/dispatch; service order processing; switch network

ID, local area calling; CMDS (billable messages); plant inventory; and number assignment. (Russell Direct, JR-1 and JR-2, Russell Rebuttal 1-7).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

Policy/Pricing/Resale

23. How should network elements be priced?

SWBT: SWBT's proposed recurring and nonrecurring rates for unbundled network elements are set forth in Exhibit A. The rates are based on TELRIC plus a reasonable allocation of forward-looking joint and common costs, as required by the FCC. Proxy rates are proposed for certain elements where TELRIC studies are not available. For unbundled interoffice transport, SWBT proposes to use the default proxy set by the FCC, the interstate switched access transport rates. For E-911 services, SWBT proposes to use charges applicable to SWBT-independent telephone company E-911 services. For other elements for which a TELRIC study is not yet available, no rate is proposed. For example, no rate or proxy now exists for interconnection at the Network Interface Device, but a TELRIC should be completed by December, 1996. Similarly, no rate for access to operation support systems, operator services and directory assistance is proposed pending completion of TELRIC studies. SWBT proposes that, after completion of the TELRIC studies, negotiations with AT&T & MCI should be conducted thereafter with a goal that development costs unique to carrier be charged to that carrier development costs which are not unique should be shared based on relative size or use.

(Lundy Direct pp. 2-21, Schedules 2 and 3; Moore Direct pp. 2-21, Schedules 2-12; Smith Direct pp. 13-17, Schedule 4; Lube Rebuttal).

AT&T: Network elements should be priced at forward looking, long-run incremental costs. Gaddy Direct, p. 16. The FCC requires that prices be based on Total Element Long Run Incremental Costs. Flappan Direct, p. 7. The most accurate estimate of such forward looking costs using a TELRIC methodology is set forth in the Hatfield Model described in the testimony of Mr. Flappan. The Hatfield Model includes the economic costs required by the FCC order including "forward-looking common costs." Flappan Direct, p.10. AT&T suggests that the Commission adopt those pricing schedules attached to AT&T's proposed Interconnection Agreement as Attachment 6, Section 16.2.

AT&T believes this issue is inextricably intertwined with Issue No. 1 above. Like issue No. 1, this question begs many more. AT&T believes that network elements should be priced in accordance with the results of the Hatfield Cost Model ("HCM"). As discussed in response to Issue No. 1, AT&T submits that the following subissues naturally follow from an inquiry as to how network elements should be priced:

a) Is the HCM in compliance with the FCC's concept of a forward-looking economic cost model? Alternatively, are SWBT's cost studies in compliance with the FCC's concept of a forward-looking economic cost model?

AT&T: (Rhinehart Rebuttal; Warren-Boulton Direct, pp. 4-18; Warren-Boulton Rebuttal.

b) Is the HCM in compliance with the FCC's concept of total element long-run incremental cost? Alternatively, are SWBT's cost studies in compliance with the FCC's concept of total element long-run incremental cost?

AT&T: (Flappan Direct, pp. 7-32; Flappan Rebuttal; Rhinehart Rebuttal; Warren-Boulton Rebuttal.)

c) Is the HCM in compliance with the FCC's concept of an efficient network configuration? Alternatively, are SWBT's cost studies in compliance with the FCC's concept of efficient network configuration? What level of capacity utilization ("fill") is appropriate for the following pieces of network equipment:

- Switch - Processor
  - Lines
- Feeder Cable Distribution Cable
  - STP
  - Ports
  - Trunks
  - Conduits

AT&T: (Flappan Direct, pp. 30-31, Ex. RPF-1 and 2; Rhinehart Rebuttal, pp. 19-21.)

d) What depreciation lives and rates should be used for the following USOA equipment account codes in computing TELRIC for network elements?

2212 - Digital ESS

2220 - Operator Systems

2232 - Circuit Equipment

- Digital Data Systems

- Digital Circuit

- Analog Circuit

2411 - Poles

2421 - Aerial Cable

- Metallic

- Non-Metallic

2422 - Underground Cable

- Metallic

- Non-Metallic

2423 - Buried Cable

AT&T: (Flappan Direct, pp. 34-36; Ex. RPF-1 and 2.)

e) Does the HCM use reasonable costs for the following types of equipment?

A. SS7

B. Cable

C. Digital Cross Connect

D. Operations Support Systems

E. Manhole

AT&T: (Flappan Direct, pp. 19-22, 33)

f) Does the HCM use reasonable costs for the following types of equipment?

A. Installation

B. Testing

AT&T: (Flappan Direct, p. 33)

g) What is the appropriate calculation of forward-looking economic costs?

AT&T: (Flappan Direct, p. 33; Ex. RPF-1, 2, 3.)

h) What burdens of proof must the parties meet regarding their cost studies?

Have the parties met their burdens of proof regarding cost studies?

AT&T: SWBT has the ultimate burden of pursuasion and has not met it.

j) Are SWBT's proposed rates for loop cross connects appropriate?

AT&T: No. (Jacobson Rebuttal, p. 11.)

k) What prices should be established for the NID and other UNG's?

AT&T: (Flappan Direct, p. 33 and Ex. RPF-3.)

l) When should SWBT be ordered to file remaining compliance cost studies for using the TELRIC methodology approved by the PUC in this proceeding?

AT&T: As soon as possible, if it is not already too late.

m) What level of interim costs/prices, if any, should be set in this proceeding?

AT&T: (Flappan Direct, pp. 4-6, 32-33, Ex. RPF-3.)

MCI: Recurring and nonrecurring charges for unbundled network elements should be set at the TELRIC costs identified by the Hatfield Model. These rates are set forth on Exhibit E. (Jernigan Direct, Schedule ICJ-3). The Hatfield Model meets the FCC's criteria. It uses a long-run assumption, studies the total demand for an element, is forward-